



A Letter from the CEO
July 12, 2016

Dear Stockholders,

In 2013 and 2014 we focused on reducing regulatory expenses and building our business relationships and our R&D capability. During 2015, we leveraged these achievements to aggressively improve our bottom line. This is a good time to compare key 2015 results to the same results in 2014 and to also show our progress over the past several years.

Here are five significant items along with the results from one year earlier (in thousands):

<i>Item</i>	2015	2014
Revenue	\$2,715	\$1,815
Gross Profit	\$2,222	\$1,500
Operating Expenses	\$3,080	\$3,074
<i>Excluding Stock Expense</i>	\$2,768	\$2,659
Operating profit (loss)	(\$858)	(\$1,573)
<i>Excluding Stock Expense</i>	(\$546)	(\$1,158)
Cash + A/R – A/P	\$2,670	\$1,643

Revenue, Gross Profit, & Profit (Loss) Trend 2010-2015 (in millions)

	2010	2011	2012	2013	2014	2015
Revenue	.9	1.9	2.0	1.8	1.8	2.7
Gross Profit	.6	1.2	1.4	1.4	1.5	2.2
Profit (Loss) ⁽¹⁾	(2.8)	(2.2)	(2.3)	(1.4)	(1.2)	(.5)

(1) Excluded stock compensation expense

As noted in prior stockholder communications, our revenue can vary from period to period; looking over the six year period, our revenue and gross profit have grown three-fold or more and our losses have shrunk by over 80%. While these results are not yet where we want them, we believe we are moving in the right direction.

Company Update:

Our focus continues to be on revenue generation from two key sources: licensing agreements and consumer products.

Licensing Agreements – We currently have two primary licensed distributors of our peptide technologies into the personal care market. These partners command a strong presence in the marketplace and represent our portal to industry leaders that a small company such as ours could not easily and quickly access directly.

Our licensing revenue is royalty-based and, therefore, carries no cost of goods. While royalty payments appear to be “pure profit,” we must measure this royalty income against the costs required to support our ongoing patent obligations and the development/production costs required to support our licensing partners and generate new product opportunities. Our licensing activities continue to provide us with a significant royalty stream, and we are enthusiastic about the growth opportunities in this component of our business.

Both of our distribution partners, Evonik Industries and Grant Industries, had successful exhibitions at In-Cosmetics, the leading global business platform for personal care ingredients. In addition, they attend numerous other industry tradeshows and maintain aggressive advertising and marketing programs to promote our peptides and reach new customers.

Consumer Products – We initiated our branded Apothederm® product line subsequent to our licensing program and, as a result, the skin care line currently contributes materially less to our bottom line. Many of these products incorporate our patented SmartPeptides® biotechnology and provide effective solutions to the daily concerns of aging, acne, stretch marks and dull, blotchy skin. During 2015 we continued to increase brand awareness for the Apothederm® line and to expand our marketing efforts. More information on the Apothederm® products may be found by visiting www.Apothederm.com.

Company R&D - The company's research and development efforts are concentrated on generating novel peptides and innovative new active ingredients that have near term commercialization potential as well as longer term pipeline opportunities. We continue discovery work with several peptide sequences that may show promise in the area of psoriasis treatment, and we will be conducting additional exploratory studies in the latter half of 2016 which should allow us to further evaluate this opportunity. During the year, we continued to grow our intellectual property portfolio, and currently own over 215 issued patents with many more pending.

2015 Audited Financial Results

As in the previous year, Moss Adams, LLP, has successfully concluded the audit of our 2015 financial statements.

Abandoned Stock

AST (our stock transfer agent) has advised us that some of our stockholders did not submit their letter of transmittal when we effected our reverse split in 2012. The state you resided in at the time of the reverse split will begin escheatment process on your stock. This essentially means that if you did not turn in the letter of transmittal, the state will claim your non exchanged Helix Biomedix stock. You will also start receiving letters from LINK asking you to pay a fee to exchange your shares. In order to avoid escheatment, I strongly suggest that you submit your letter of transmittal to avoid the issue by contacting AST directly. You can either call AST or send an email to request a duplicate Letter of Transmittal for the unexchanged shares of Helix BioMedix. If your stock is escheated in the future, please go to your state's unclaimed property website to reclaim your shares back.

AST Shareholder Services: (AST's Call Center is open Monday through Friday, 8am to 8pm ET)	(800) 937-5449 (718) 921-8124 or <i>email directly at info@amstock.com</i>
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Conclusion

We continue to be optimistic about the company's future growth. Current market trends are in our favor. On a global basis, the personal care products marketplace is estimated to be over \$400 billion while the specialty personal care ingredient market is estimated to be over \$9 billion in 2015 (Kline Research). The demand for anti-aging and skin brightening products is fueling a significant part of this growth, and Helix BioMedix peptides marketed under brand names such as Tego® Pep 4-17 and Tego® Pep 4-Even (Evonik Nutrition & Care GmbH) and Granactive™ Age and Granactive™ 1518 (Grant Industries) offer innovative and specialty performance active ingredients for these markets.

I hope that you have found this letter informative. Future progress and business highlights will continue to be posted on our website at www.helixbiomedix.com.

Sincerely,



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Forward-looking statements contained in this letter regarding our current expectations, forecasts and assumptions are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expected or implied by the forward-looking statements. You should not unduly rely on these forward-looking statements, which speak only as of the date of this letter. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this letter or to reflect the occurrence of unanticipated events.